

P O R T I C O
REAL ESTATE INVESTMENTS | ADVISORY

January 19, 2019

The Snapka Law Firm
606 N. Carancahua, Suite 1511
Corpus Christi, Texas 78401

Attn: William (Bill) Chriss,

Re: Aransas Princess ("Subject Property")
720 Beach Access Road 1-A
Aransas, Texas 78373

Dear Mr. Chriss,

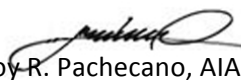

Please find attached to this cover letter my Report of Repairs ("Report") dated January 15, 2019 in connection with the above-referenced matter.

My findings are based upon, but not limited to, direct observation at the Aransas Princess, other consultants' reports, discussions with other experts, available project documents, and my experience. In my professional opinion, the repairs conducted by the Aransas Princess condominium board are consistent with costs and scope.

At your invitation, I visited the Subject Property to observe existing conditions as well as ascertain any on-going issues in selected areas that may acquire additional forensic investigation. I relied on my knowledge of building repairs—especially with distressed assets—and 35 years of design experience joined with a lifetime of construction experience to prepare this Report.

I am delighted to assist your client in the overall evaluation of repairs performed at the Aransas Princess.

Respectfully submitted,


Roy R. Pachecano, AIA 
President, Portico REI LLC

Encl.

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Report on Repairs

Aransas Princess

720 Beach Access Road 1-A
Aransas, Texas

1.19.2019

Prepared by Roy R. Pachecano, AIA

Report on Repairs

Aransas Princess

Aransas, Texas

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I—Executive Summary

The existing conditions found at the Aransas Princess Condominium (“Subject Property”), were found to be in working order. I evaluated the Subject Property from floors to ceilings and from interior/exterior glass systems to mechanical-electrical-plumbing (“M.E.P.”) systems, as well as various other building components highlighted herein, were found to be in keeping with costs typically associated with the type of repairs required to facilitate habitation. A building tour of the Subject Property occurred on February 8, 2019. The tour conducted by property management allowed me access to the Subject Property to observe the existing conditions.

This Report does not constitute a fully detailed forensics report. This Report offers an opinion as to the cost of the necessary repairs to the Subject Property in the aftermath of the property damage caused by Hurricane Harvey. The Subject Property stands just a few miles south of where Hurricane Harvey made landfall on August 26, 2018 at San Jose Island, with documented winds of 130mph (215 km/h) and atmospheric pressure of 937 mbar, according to the National Oceanic and Atmospheric Administration (NOAA).

The Subject Property is organized about a semi-circular plan on its north-west (so called “Bay-side”) elevation, with individual condominiums arrayed along a grid oriented to maximize views toward the Gulf of Mexico (“Gulf-side”). See Figure 1.0 below. The Subject Property was built with over 100 condominium units with terraces facing the Gulf.

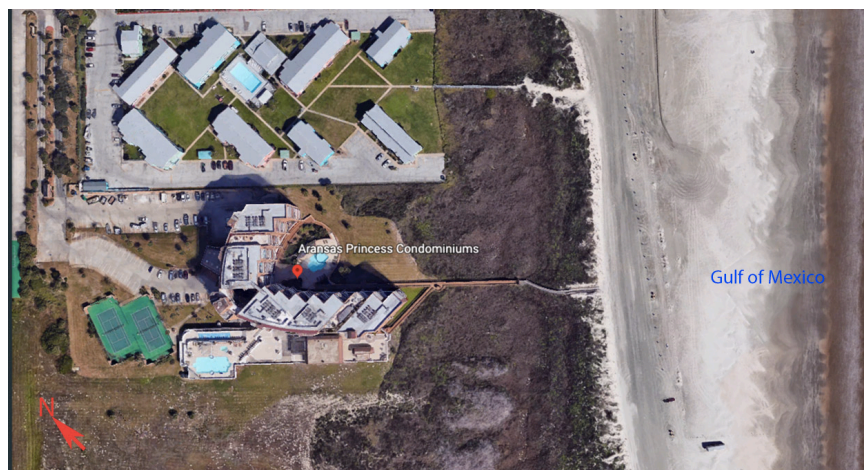


Figure 1.0—Aerial view of Subject Property (at left: “Bay-side,” at right: “Gulf-side”)

The governance of the Aransas Princess Condominium Board (“Condominium Board”) is led by Mr. Craig Duke. The property management efforts are administered by Mr. Bob Adcock. These individuals were proactive with their “pre-and-post” disaster preparedness and embarked on repairs to the Subject Property. As of this writing, there continues to be ongoing repairs being performed at the Subject Property.

This Report on Repairs (“Report”) offers a professional opinion of the relative cost to repair building systems, components and assemblies found at the Aransas Princess.

II—Observations

On February 8, 2019, I toured and photographed the Subject Property prior to observing any plans, specifications, repair reports, or other references. In an effort to understand the repairs performed at the Subject Property, a walk-through of the property was conducted with Mr. Adcock.

The author relied on direct site observations and review of project documents such as repair ledgers, re-construction bids, invoices and billings sent to the property manager. These documents were furnished by the property manager at Aransas Princess and were found to be in good order. They were compared to work performed at the Subject Property to determine if work was consistent with proposed repair bids.

Such accounting involved the review of the following trades' costs-paid-to-date (US\$):

<i>Action Restoration</i>	<i>1,735,374.71</i>
<i>Southern Industry</i>	<i>682,927.43</i>
<i>Alliance Patrol Security</i>	<i>35,921.42</i>
<i>Plumbing</i>	<i>5,168.72</i>
<i>Fire System</i>	<i>75,211.26</i>
<i>Electrical</i>	<i>14,415.00</i>
<i>Generator/Fuel</i>	<i>21,018.98</i>
<i>HVAC</i>	<i>206,600.24</i>
<i>Misc Cleanup</i>	<i>215,325.08</i>
<i>Elevator</i>	<i>263,807.38</i>
<i>Windows</i>	<i>2,205,797.97</i>
<i>Damage Assessment Inspection</i>	<i>81,366.18</i>
<i>Sheetrock (Drywall)</i>	<i>188,421.21</i>
<i>Fencing</i>	<i>30,543.00</i>
<i>Boardwalk</i>	<i>25,125.89</i>
<i>Office Repairs</i>	<i>58,715.00</i>
<i>BI-Income Expense Reporting</i>	<i>271,675.00</i>
<i>Audio/Visual Repairs</i>	<i>8,425.39</i>
<i>Legal Attorney/Fees</i>	<i>228,824.13</i>
<i>Legal Expenses</i>	<i>20,890.06</i>
<i>Water Damage Protection System</i>	<i>39,218.99</i>
<i>Total</i>	<i>6,414,773.04</i>

The observations were conducted from the garage level (at grade) to the roof level (equivalent to 10 stories). The work performed by various trade disciplines were observed: glazing/store-front glass, mechanical, electrical, plumbing, masonry, drywall, iron and metal, finishes, elevators (pit and machinery; excluding cab finish-outs), I.T./security, building security, and lighting. Not observed were the numerous tasks associated with clean-up, dry-out, debris removal and site repairs already completed in the weeks after September 1, 2017.

As stated in the Executive Summary, there remain a significant number of building-related repairs that have yet to be completed. The Aransas Princess Condominium Board (“Board”) followed a prioritization list that served as a guide pertaining to which repairs were given first priority. Building components that were not a priority in the aftermath Hurricane Harvey were slated as repairs that were to be performed after more critical base-building components were resolved.

These future repairs are estimated to cost \$ 6,040,536, and include such items as: balcony railings, front doors, lobby renovation, community room windows, miscellaneous doors, and a full roof replacement. Thus, to-date, the total amount expended and anticipated costs related to Aransas Princess is summarized as follows:

<i>Repair Expenses to-date</i>	<i>6,414,733.04</i>
<i>Future Repair Expenses anticipated</i>	<i>6,040,536.00</i>
<i>Total</i>	<i>12,455,269.04</i>

In addition to repairs made at the Subject Property, I observed cracks at concrete columns where masonry veneer was removed for observation by structural engineer, Randy Lackner, P.E. Potential damage to the structural system is currently under investigation. In my professional opinion, this requires further investigation, and a damage-cost model has not been developed at this time.

As new information is presented, this may require amending this Report in the future. Photographs attached in the exhibit section are considered part-and-parcel of this Report. See page 10.

III—Conclusion

Upon analysis of the existing conditions found at the Subject Property, and the numerous building components and assemblies that have been repaired that are directly related to the damage sustained by the Subject Property due to Hurricane Harvey, the costs-to-repair were found to be reasonable and necessary. A summary of finding herein support these facts:

- i. As of January 31, 2019, the Aransas Princess Condominium Association has paid \$6,414,733.04 (“Repair Cost”) inclusive of hard and soft costs to procure the work such vendors, contractors, and specialty trades in order to repair the Subject Property. Another \$6,040,536.00 is anticipated for future repairs;
- ii. The Repair Cost is in alignment with current building trade-costs and considered reasonable;
- iii. The Repair Cost is necessary to render the Subject Property safe and return it to a condition for the preservation of life, safety, health and welfare of its occupants;
- iv. The Repair Cost may have actually saved the insurance carrier significant costs of pay-out due to the proactive efforts of the of condominium board’s management of the disaster response—an order of magnitude cost increase compared to another property of similar age, unit count, and location is not the subject of this report, however, it is the professional opinion of the undersigned that such an analysis would reveal a 2.0-2.5 x damage model;
- v. The Repair Cost does not reflect recent findings of potential structural damage found at the Subject Property.

This report is subject to change and will be amended as new information is discovered and brought to the attention of the author. The repair work observed at the site on February 8, 2019 was found to be consistent with current trade-costs.

IV—Exhibits: Photographs



1. West Façade—Main automobile drop-off.



2. Main automobile drop-off / Porte coche.



3. Upper Level Corridor facing East Façade—at interior court.



4. Upper level lobby—typical of lobbies for condominium access.



5. View from upper level looking down to interior court.



6. Oblique view from upper level looking down to interior court.



7. Exterior corridor at West façade—typical at all condominium access levels.



8. Oblique view from of south portion of Subject Property facing the Gulf of Mexico.



9. Oblique view from upper level looking down to exterior court facing Gulf of Mexico.



10. View from exterior court looking up at north portion of Subject Property.

V—Signatory Page

Prepared By

A handwritten signature in black ink, followed by a red circular seal containing the Chinese characters "罗氏" (Luo Shi).

Roy R. Pachecano, AIA

434 King William

San Antonio, Texas 78204



State of Texas, Architect

Lic# 15895

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P.O.Box 830033, San Antonio, Texas 78283 (646) 979-3614

EXECUTIVE ARCHITECT

Forensics Expert Witness Acquisition & Disposition Strategies Building Diagnostics Mediation Design Strategy

<https://www.linkedin.com/in/roy-r-pachecano-90092b6>

Notable Accomplishments

- Co-Founded design consulting department within prominent real estate, design, construction law firm
- Built company and from scratch and expanded from architecture to real estate development, advisory services
- Solved major multi-million dollar claims regarding building failures, design errors and construction defects
- Privately restored first 1899 Historic LEED-Platinum dwelling in the United States; King William, San Antonio, Texas
- Performed design and zoning analysis for multiple international high-rise projects in US, Asia, Europe, South America
- Faculty at Columbia University, Pratt Institute. Guest lecturer Texas A&M University on risk/project delivery.

Areas of Expertise

Owner's Representation, Institution/Corporate

Public Speaking / Training

Legal – Expert Witness

Real Estate Finance

Building Diagnostics

Government Authority / Communicator

Real Estate Development Strategies

Pre-transactional Due Diligence/Zoning Analysis

Architect / Design / Marketing

Teaching / Training

PROFESSIONAL EXPERIENCE

Portico REI | Advisory Texas & New York, President 2002 – Present www.porticoadvisory.com

Founder of private real estate development (design/build) and advisory firm ranging from on development strategies to building diagnostics, forensics, and expert witness in design/construction litigation

- **Snapka Law Firm**—Expert witness for various cases involving defective design and construction (Texas)
- **Mark Brodeur Law Firm**—Expert witness for various cases involving defective design and construction (Texas)
- **Tarter-Krinski Law Firm**—Expert witness for various cases involving defective design and construction, and pre-transactional due diligence (New York)
- **United States Military Academy at West Point**—Architect for innovative Cadet War Room and teaching spaces at historic campus on Hudson River. Lead consensus-based approval and assist with construction oversight
- **Division Laundry**—Owner's Representative/Architect for sustainable retrofit of \$10MM plant in San Antonio, Texas
- **Tudor City**—Advisor to prominent Tudor City Coop Board; Author of development rights report (air rights transfer and bulk analysis) and interface with New York City Planning Commission
- **Deutsche Bank PWM**—Led pre-transactional due-diligence team for two US /domestic multi-family portfolios in Florida and Texas; combined worth in excess of \$150 million. Reconciled financial proforma with existing conditions

LePatner & Associates Law Offices, LLP, New York, New York, Director of Design Consulting Department

In-house Architect. Co-founded, operated department focusing on real estate transactions, forensics, building failures and oversaw client's real estate portfolios, construction, pre-design, contract negotiations with multiple vendors.

- **Columbia University/Barnard College**—Oversee dormitory renovation in urban campus; report to General Counsel
- **The Cooper Union**—Oversee dormitory renovation; assist in master planning and report to Buildings & Grounds
- **The Carlyle Hotel**, Manhattan—Authored definitive pre-transactional due diligence for the sale of landmark hotel. Identified encumbrances that affected marketable title (DOB, LPC violations); saving client \$4MM on purchase price.
- **In-House Architect**—Disseminated architectural, engineering and construction documents to determine causation of design and/or construction defects in multi-million lawsuits. Contract negotiations for repair/remediation.
- **Owner's Representative**—Authored pre-transactional due diligence for over \$500 MM dollars for resort, hotel and corporate clients: Starwood Lodgings, Goldman Sachs, Daimler-Chrysler, Rosewood Resorts /Hunt Family.

Kohn Pedersen Fox, (KPF) Architects, New York, New York, Architect

- Executed, construction administration for the IRS World Headquarters, Maryland.
- Performed design development and zoning analysis for multiple international corporate high-rise projects located in Seoul, Korea; Tokyo, Japan; Buenos Aires, Argentina; and London, England.
- Spearheaded site reconnaissance and base design for skyscrapers including the following:
 - Shanghai World Financial Center, Shanghai, China
 - Roppongi Tower, Tokyo, Japan
 - Telecom Argentina, City of Buenos Aires, Argentina
 - Nan Jing Xi Lu (Plaza 66), Shanghai, China

Hellmuth, Obata & Kassabuam, (HOK), New York, New York, Architect

- 40 Wall Street - Conducted field surveys for the Trump Organization. Saved client approximately \$1 million in pre-demolition work as a result of innovative field reconnaissance.
- Penn Station - Assisted in the design of the [LCOR] makeover from the ground up.

Obayashi Gumi, Tokyo Japan, Fluid Engineer/Architect

- Conceived, planned and implemented over 30 experiments at Obayashi's Boundary Layer Wind Tunnel. Studied aerodynamics of tall structures. Reported findings to Obayashi fluid engineering personnel.
- Provided key insights and research into behavior of wind around tall buildings in areas where hurricanes and typhoons posed a high-risk to developed areas. Implemented findings to derive new designs for future skyscrapers.

TEACHING EXPERIENCE

Pratt Institute , School of Continuing and Professional Studies, New York (Faculty)	2002 - Present
Columbia University , Real Estate Development Program, GSAPP, New York (Faculty)	2009 - 2016
Princeton University , School of Architecture, New Jersey (Guest Lecturer)	2010
Harvard University , Graduate School of Design, Cambridge (Teaching Assistant)	1996 – 2002

RESEARCH EXPERIENCE

Columbia University , Urban Design Lab, New York (Research Advisor)	2017 - Present
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EDUCATION

Columbia University, MS Real Estate Development (Combining: planning, law and business curricula)

Columbia University, MS Architecture & Building Science (Dean's Award for Excellence in Design)

Texas A&M University, Bachelor of Science, Environmental Design (Dean's List)

CERTIFICATION / LICENSE

Licensed Architect: State of New York

Licensed Architect: State of Texas

AUTHOR

Real Estate / Land Use columnist, BUILDERnews Magazine – 50+ professional articles published to date
Urban Land Institute, Architecture, Today's Facilities Manager magazines

Book: *The Nix Houses, Innovation and Style in Texas' Oldest Historic District*, Watercress Press, 2007, hardback

"The Great Urban-Rural Imbalance," The 5th International Conference on Architecture and Built Environment, S.Arch 2018,
Venice, Italy, ISBN 978-3-9818275-9-0

FILM

Director, Writer, Producer of documentary film on Zoning, New York City, with Columbia University, 2017, Episode 1:
<https://youtu.be/zstCdaLgi9A>

VOLUNTEER & COMMUNITY INVOLVEMENT

Board of Trustees, Texas Historic Commission, Friends, representing San Antonio Region

Keystone School—Master Planning Committee; Report to Board of Trustees: \$2.5 million campus improvements

Columbia University—Mentor real estate development graduate students; sponsor internships

PUBLIC SPEAKING and PROJECT LIST available under separate cover